



Report to the Auburn City Council

Action Item
Agenda Item No. 13

City Manager Approval

To: Mayor and City Council Members
From: Jack Warren, Director of Public Works
Bernie Schroeder, Engineering Division Manager
Date: July 27, 2009
Subject: Airport Water Connection Fee

The Issue

Shall the City impose an Airport Water Connection Fee upon new development (hangers) to recover costs associated with the East Area Hangar Waterline Extension Project?

Conclusion and Recommendation

Staff recommends that Council:

- (1) adopt "A Resolution of the City Council of the City of Auburn, California, Adopting an Airport Water Connection Fee."
- (2) introduce and waive first reading of "An Ordinance of the City Council of the City of Auburn, California, Adding Section 51.03, Regarding The Airport Water Connection Fee, to Chapter 51 of the Municipal Code."

Background

In connection with the East Area Hangar Waterline Extension Project, the City anticipates incurring expenses totaling approximately \$364,400. These costs include waterline, fire riser lines, water meter and electrical costs.

The attached resolution and ordinance would impose a capacity charge, to be known as the "Airport Water Connection Fee" upon development at the airport that would be served by the Project. The \$4.49/permitted square foot fee (automatically adjusted in future years to account for inflation) would be paid to the City by each developer as a condition of building permit issuance.

The amount of the fee was calculated by the City's consultant to evenly spread the costs of the project across development served by the project. The methodology takes into account that the project will serve not only the current phase of hanger expansion, but also future development. Therefore, it has been sized so that Phase 1 development will pay for only \$273,300 of total costs. The remainder of project costs are left to be collected from Phase 2 and future development.

This ordinance will go into effect 60 days after its adoption. The purpose of the resolution, which goes into effect 60 days after its own adoption, is to put the fee in place somewhat earlier than does the ordinance, as a resolution does not require a second reading. It is anticipated that developers

pulling permits prior to the effective date of the resolution will pay a like amount by agreement with the City.

Alternatives Available to Council; Implications of Alternatives

1. Proceed with Staff Recommendation
2. Do not proceed with staff recommendation

Fiscal Impact

This fee will, over time, reimburse the City for costs associated with the East Area Hangar Waterline Extension.

Utility Assessment Summary

East Area Hangar Phase 1 Site

6.30.09

Assessments:

Waterline =	\$3.52
Fire Riser Lines =	.49
PG&E Electrical Service =	.25
East Area Water Meter =	.23
Total Utility Assessment =	\$4.49/square foot of permitted space

Notes:

1. Assessment based on a total buildable square footage within the East Area Phase 1 project area of 68,134 square feet.
2. Current area under leasehold in the Phase 1 area (as of 6.30.09) is 47,484 square feet or approximately 70%.
3. Refer to attach "Worksheet" for accounting and calculations.

Worksheet

"Utility" Assessment East Area Hangar Phase 1 Site

Waterline, fire riser lines, water meter and electrical costs

From Accounting Ledger:

Waterline costs:

Consultants	AR Associates	\$23,375.10
	M. Machado	5,284.29
	Jeffco Plumbing	138.00
	Gularte and Assoc	5,000.00
	Wallace-Kuhl Assoc	12,875.00
PCWA		12,383.29
Recording fees, copies and media		824.91
PW Admin		25,028.00
Ken Clark Excavating		279,492.32 (Original bid price = \$248,709.82.)
Total		\$364,400.91 (per ledger)

Calculations:

$\$364,400.91 \times 75\% = \$273,300.68$ (Recoverable with Phase 1. Remainder deferred to Phase 2 and Denham development)

Alt 2/fire riser lines (adjusted for overruns) = \$29,488 (original bid amount) x
 $279,492.32/248,709.82 = \$33,137.69$

Net "waterline" assessment = $\$273,300.68 - \$33,137.69 = \$240,162.99/68,134 \text{ sq.ft.} = \3.52

Net "fire riser lines" assessment = $\$33,137.69/68,134 = \0.49

Net "PG&E electrical service" assessment = $\$17,292.04/68,134 = \0.25

Net "East Area Water Meter" assessment = $\$15,761/68,134 = \0.23

Cost deferred to future Phase 2 and Denham area development = $\$364,400.91 - \$273,300.68 = \$91,100.23$

RESOLUTION NO. 09-
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AUBURN, CALIFORNIA
ADOPTING AN AIRPORT WATER CONNECTION FEE

WHEREAS, the City of Auburn has incurred, and will continue to incur costs associated with the East Area Hangar Waterline Extension Project (the "Project"); and

WHEREAS, in order to recover Project costs, the City Council desires to impose an Airport Water Connection Fee (the "Fee") upon development served by the Project in order; and

WHEREAS, the City Council is in the process of adopting an ordinance, attached hereto as Exhibit "A" and incorporated herein by reference, to impose the Fee (the "Ordinance"); and

WHEREAS, the City Council desires to also adopt the Fee by resolution so it can be earlier effective.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN DOES
HEREBY RESOLVE:

1. That each of the above recitals is true and correct.
2. That the City Council hereby imposes the Airport Water Connection Fee, as described in the Ordinance, effective 60 days from the date of the adoption of this Resolution.
3. That the City Council finds that each finding set forth in the Ordinance with respect to the Fee is true and correct.

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3 DATED: July 27, 2009
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5 J.M. Holmes, Mayor

6 ATTEST:

7 Joseph G. R. Labrie, City Clerk
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10 I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify
11 that the foregoing resolution was duly passed at a regular meeting of the City
12 Council of the City of Auburn held on the 27th day of July 2009 by the
13 following vote on roll call:

14 Ayes:

Noes:

15 Absent:

16 Joseph G. R. Labrie, City Clerk
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ORDINANCE NO. 09-

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUBURN,
CALIFORNIA ADDING SECTION 51.03, REGARDING THE AIRPORT WATER
CONNECTION FEE, TO CHAPTER 51 OF THE MUNICIPAL CODE

THE CITY COUNCIL OF THE CITY OF AUBURN DOES ORDAIN AS
FOLLOWS:

1. Section 51.03 is added to Chapter 51 of the Municipal Code
amended to read as follows:

"Section 51.03. Airport Water Connection Fee

- (A) Any person making a connection to any of the water improvements
(including appurtenant electrical improvements) that have been
constructed at the expense of the city at the Auburn Municipal
Airport, or expanding, modifying, enlarging or conducting any other
activity that will increase the volume of water already consumed
through a connection to said improvements, shall pay an "Airport
Water Connection Fee" to the city.
- (B) The amount of the Airport Water Connection Fee shall be at the
rate set by ordinance or resolution of the City Council \$4.49/square
foot of permitted space connected to the water improvements.
- (C) The Airport Water Connection Fee is a 'capacity charge' for
purposes of California Government Code Section 66013 except to
the extent it is a 'connection charge' pursuant to that section.
- (D) The Airport Water Connection Fee is due and payable at the time a
building permit is issued for a structure that will be connected to
the water improvements, and no building permit shall be issued
unless the required connection fee has been paid.

1 (E) The purpose of the Airport Water Connection Fee is to recover the
2 city's costs associated with the construction of water improvements
3 (including appurtenant electrical improvements) that are of benefit
4 to the property being connected to the water improvements, as
5 well as to fund costs associated with the installation of fire risers
6 serving such property.

7 (F) Airport Water Connection Fees collected by the city pursuant to this
8 Section shall be segregated from the other funds of the city, except
9 for purposes of investment, and such connection fees shall be
10 expended only for the purposes set forth in subdivision E of this
11 Section. Any interest income earned from the investment of
12 connection fee proceeds shall be also treated as connection fee
13 proceeds for this purpose of this subdivision F.

14 (G) The Finance Director shall annually make the report required by
15 California Government Code Section 66013(d) with respect to the
16 airport water connection fee.

17 (H) The airport water connection fee is in addition to any charges
18 imposed by the City (or water supplier) for water service or to
19 recover actual costs of installing meters, water laterals and
20 appearances (other than facilities common to all users) to serve a
21 new structure.

22 (I) Any airport water connection fee rates established by the City
23 Council shall automatically be adjusted each July 1 by the rate
24 return of the Local Agency Investment Fund of the State of
25 California since the last date on which the rate was established or
26 adjusted. No action of the City Council is required to cause this
27 annual adjustment."

28 2. The rate of the Airport Water Connection Fee charged pursuant to
Section 51.03(A) of the Municipal Code shall be \$4.49/square foot

1 of permitted space. This rate may be amended by ordinance or
2 resolution of the City Council. Beginning July 1, 2010, this rate
3 shall be subject to automatic adjustment pursuant to Section
4 51.03(I) of the Municipal Code.

5
6 3. The City Council finds and determines that the Airport Water
7 Connection Fee established by this Ordinance does not exceed the
8 estimated reasonable cost of the expenses for which it has been
9 imposed. This Ordinance was adopted following a public hearing
10 conducted pursuant to Government Code Section 66016.

11
12 4. Resolution No. [REDACTED] which also imposes the Airport Water
13 Connection Fee is repealed as of the effective date of this
14 Ordinance.

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16 5. This Ordinance shall become effective on the sixtieth day following
17 its adoption.

18 DATED: _____, 2009

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20 _____
J.M. Holmes, Mayor

21 ATTEST:

22 _____
23 Joseph G. R. Labrie, City Clerk

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25 I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify
26 that the foregoing ordinance was introduced at a regular session meeting of
27 the City Council of the City of Auburn held on the 27th day of July, 2009 and
28 duly passed at a regular session meeting of the City Council of the City of
Auburn held on the _____ day of August, 2009 by the following vote on roll
call:

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Ayes:
Noes:
Absent:

Joseph G. R. Labrie, City Clerk